

FISCAL STABILIZATION ACT (EXCERPT)
Act 80 of 1981

141.1009 Bonds or obligations subject to Michigan municipal distributable aid bond act; powers of legislative body; pledge; covenants and promises; special fund; use of taxes; definition.

Sec. 9. (1) All bonds or obligations issued pursuant to this act before the effective date of the amendatory act that added subsection (2) are subject to the requirements of the Michigan municipal distributable aid bond act, Act No. 97 of the Public Acts of 1981, being sections 141.1021 to 141.1030 of the Michigan Compiled Laws.

(2) Unless otherwise provided by the city or county in the resolution required by section 4, bonds or obligations issued pursuant to this act on or after the effective date of the amendatory act that added this subsection are not subject to the requirements of the Michigan municipal distributable aid bond act, Act No. 97 of the Public Acts of 1981, notwithstanding that distributable aid is pledged or assigned to secure bonds or obligations under this act.

(3) In the resolution authorizing the bonds or obligations, the legislative body of the city or county may provide for appointment of a trustee, escrow agent, or other person to hold funds or reserves for payment of the bonds or obligations and to perform other duties as the city or county determines, may provide for the vesting in the trustee, escrow agent, or other designated person the property, rights, powers, and remedies as the city or county determines, may pledge and create a lien upon any unencumbered revenues or taxes of the city or county, and may provide for payment of pledged revenues or taxes directly to a paying agent, trustee, escrow agent, the state treasurer, or other person to be held and used solely for payment of principal and interest on the bonds or obligations. A pledge pursuant to this act for benefit of bondholders or others is perfected without delivery, recording, or notice. The resolution authorizing the bonds or obligations also may provide for covenants and promises with respect to fiscal, budget, and accounting matters that are considered necessary or appropriate in the judgment of the city or county to sell the bonds or obligations to the best advantage of the city or county.

(4) In the resolution authorizing the bonds or obligations for the payment of the bonds or obligations, the city or county may further pledge money received or to be received by the city or county derived from the imposition of taxes by the state and returned or to be returned to the city or county as provided by law except for money that the state constitution of 1963 prohibits for use for such a pledge. The city or county and the state treasurer may enter into an agreement providing for the direct payment of that money, which is derived from taxes that are collected by the state and returned to the city or county as provided by law, to a trustee, and that money may be pledged by the city or county for the payment of bonds or obligations issued under this act. If the city or county and the state treasurer enter into such an agreement, the state treasurer shall pay the pledged money in accordance with the provisions of the agreement. This subsection shall not be construed to do any of the following:

(a) Create or constitute state indebtedness.

(b) Require the state to continue to impose and collect taxes from which distributable aid is paid or to make payments of distributable aid.

(c) Limit or prohibit the state from repealing or amending a law enacted for the imposition of taxes from which distributable aid is paid, for the payment or apportionment of distributable aid, or for the manner, time, or amount of distributable aid.

(5) With respect to bonds or obligations issued on or before September 30, 1988, in the resolution authorizing the bonds or obligations, the legislative body of the city or county may provide that, from each collection of ad valorem property taxes after the issuance of the bonds or obligations, there shall be set aside in a special fund, to be used for the payment of principal and interest on the bonds or obligations, an amount equal to the total amount of the collection multiplied by a fraction determined as follows:

(a) The numerator of the fraction is 125% of the amount of principal and interest coming due on the bonds or obligations in the current fiscal year.

(b) The denominator of the fraction is the total amount of the tax levied for the current fiscal year multiplied by a fraction, the numerator of which is the total of the taxes collected during the 5 prior fiscal years and the denominator of which is the total of taxes levied during the 5 prior fiscal years.

(6) An authorizing resolution under subsection (4) or (5) may provide that all or any portion of the taxes collected and set aside as provided in subsection (5) shall not be used for any other purpose.

(7) As used in this section, "distributable aid" means that term as defined in section 2 of the Michigan municipal distributable aid bond act, Act No. 97 of the Public Acts of 1981, being section 141.1022 of the Michigan Compiled Laws.

History: 1981, Act 80, Eff. July 15, 1981;—Am. 1987, Act 279, Eff. Apr. 11, 1988.